



TWENTY-NINTH JUDICIAL CIRCUIT  
ASSOCIATE DIVISION V  
JASPER COUNTY, MISSOURI

JANUARY 1, 1998 THROUGH MAY 31, 2000

**From The Office Of State Auditor  
Claire McCaskill**

Report No. 2000-93  
September 19, 2000  
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**AUDIT REPORT**



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

September 2000

[www.auditor.state.mo.us](http://www.auditor.state.mo.us)

**During our audit of the Twenty-Ninth Judicial Circuit, Associate Division V, Jasper County, Missouri, we identified the following problems.**

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The Twenty-Ninth Judicial Circuit, Associate Division V, Jasper County, Missouri, is responsible for assessing, collecting, and distributing monies in connection with the court proceedings in that division. In May 2000, the Missouri State Highway Patrol and Jasper County Prosecuting Attorney contacted the State Auditor's office indicating some monies received by the court had not been deposited to the court's accounts.

On April 6, 2000, court employees noted discrepancies in five criminal case files. Fines and costs totaling \$1,502, related to these cases had been turned over to the court by the Sheriff's department between January and early April 2000, but these monies had not been properly receipted or deposited by the court.

On April 11, 2000, Lynette Weathers, court clerk, repaid \$2,502 to the court. According to the Judge, she admitted to taking the \$1,502 noted above as well as a \$1,000 cash bond. This bond, received from the Sheriff's department on March 21, 2000, had been properly receipted, but not deposited into the bond account. Ms. Weathers has been charged with felony stealing related to these transactions. Ms. Weathers continued to work until May 5, 2000, at which time she went on paid maternity leave. She resigned on July 31, 2000.

In addition to those discrepancies discovered by the court, one additional transaction was not accounted for properly. According to the Sheriff's records, a \$538 fines and costs transaction was transmitted in cash to Ms. Weathers on November 15, 1999; however, this transaction was not properly receipted and deposited until February 18, 2000.

Various accounting and procedural weaknesses existed in the court, some of which allowed the discrepancies to occur without being detected on a timely basis. The Sheriff's department collects cash bonds, as well as fines and costs, which are transmitted to the associate division. These monies are recorded by the Sheriff's department when received and then transmitted to the associate division. Because the monies are not deposited into a Sheriff's department bank account significant amounts of cash are transmitted to the associate division. No independent reviews are performed comparing the monies transmitted by the Sheriff's department to the court's receipt records.

(over)

The Criminal and Civil Fee Account should include only undistributed fines and fees and

YELLOW SHEET

accumulated interest at the end of the month. The bank reconciliations prepared for this account were not accurate and did not take into consideration all outstanding checks. In addition, the bank balances were not reconciled to any undistributed fines and fees and accumulated interest. As a result of not properly performing these reconciliations, the court was unaware this account was short by approximately \$5,680 at May 31, 2000, as a result of two disbursement errors.

The duties of receiving, recording, depositing, and disbursing monies are not adequately segregated.

A book balance is not documented in the bond ledger at month end. As a result, activity recorded in the bond ledger cannot be reconciled to the bank balance or to a listing of open items. In addition, monthly listings of open items are not prepared for the Bond Account. It appears there is currently over \$3,800 in unidentified money in that account and there is a significant amount of old bonds on the open items list which have not been disposed of properly.

Receipts are not always deposited on a timely basis. Receipts for fines and costs were often held two to three weeks before being deposited and included significant amounts of cash.

As noted in the previous report, procedures to monitor and collect old accrued costs could be improved. No work has been done to collect accrued costs on many cases where monies are owed. Without the active and timely pursuit of accrued costs, revenues to the state and county could be lost.

During a review of cases opened during the last five months of 1999 and the first five months of 2000, court employees could not locate the case files related to eleven cases.

In the court's response to the various recommendations to address these problems, the judge generally indicated these recommendations had already been implemented or would be implemented.

TWENTY-NINTH JUDICIAL CIRCUIT  
ASSOCIATE DIVISION V  
JASPER COUNTY, MISSOURI

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**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

Presiding Circuit Judge  
and  
Associate Circuit Judge, Division V  
Twenty-Ninth Judicial Circuit  
Jasper County, Missouri

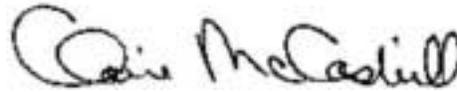
We have audited the books, records, and accounts of the Twenty-Ninth Judicial Circuit, Associate Division V, Jasper County, Missouri. The scope of this audit included, but was not limited to, the period January 1, 1998 through May 31, 2000. The objectives of this audit were to:

1. Investigate discrepancies in that court's Criminal and Civil Fee Account and Bond Account.
2. Determine the amount of court funds misappropriated.
3. Review and evaluate certain controls and procedures regarding the collection of and accounting for various court receipts.
4. Follow up on action taken on findings in our prior audit report.

Our audit was conducted in accordance with applicable generally accepted government auditing standards and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed the financial records and procedures of the Associate Division V, interviewed personnel of the division, and examined other records and documents as we considered necessary.

Our audit was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying Management Advisory Report presents our findings and recommendations concerning the Twenty-Ninth Judicial Circuit, Associate Division V, Jasper County, Missouri.



Claire McCaskill  
State Auditor

July 19, 2000 (fieldwork completion date)

The following auditors participated in the preparation of this report:

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## EXECUTIVE SUMMARY

TWENTY-NINTH JUDICIAL CIRCUIT  
ASSOCIATE DIVISION V  
JASPER COUNTY, MISSOURI  
EXECUTIVE SUMMARY

Weaknesses in the internal controls and record keeping system of the Associate Division V allowed the misappropriation of approximately \$2,502 of court receipts to occur.

The misappropriations could have been prevented or detected on a more timely basis if adequate oversight and review had been performed and if proper internal controls as noted in the prior audit findings and the accompanying Management Advisory Report had been established.

Jon Dermott serves as Presiding Circuit Judge of the Twenty-Ninth Judicial Circuit. Richard Copeland serves as the Associate Circuit Judge of Division V. Lynette Weathers, the clerk responsible for handling these monies, admitted to taking \$2,502, repaid the monies, and has been charged with felony stealing. She was placed on paid maternity leave on May 5, 2000, and she resigned on July 31, 2000.

MANAGEMENT ADVISORY REPORT

TWENTY-NINTH JUDICIAL CIRCUIT  
ASSOCIATE DIVISION V  
JASPER COUNTY, MISSOURI  
MANAGEMENT ADVISORY REPORT

The Twenty-Ninth Judicial Circuit, Associate Division V, Jasper County, Missouri, is responsible for assessing, collecting, and distributing monies in connection with the court proceedings in that division. Three bank accounts are maintained: one for fines and court costs related to criminal and civil cases; one for bonds related to criminal cases; and one for fees and garnishments related to small claims cases. Collections deposited into these accounts in 1999 totaled approximately \$398,000, \$170,000, and \$27,000 for the Criminal and Civil Fee Account, Bond Account, and Small Claims Account, respectively.

In May 2000, the Missouri State Highway Patrol and Jasper County Prosecuting Attorney contacted the State Auditor's office indicating some monies received by the court had not been deposited to the court's accounts. This audit was performed to review these discrepancies and more fully determine the extent of misappropriated court funds.

Following are our comments regarding the misappropriated funds and the accounting controls and procedures over receipts of the Associate Division V court.

<b>1.</b>	<b>Misappropriated Funds</b>
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On April 6, 2000, court employees noted discrepancies in five criminal case files. Fines and costs totaling \$1,502, related to these cases had been turned over to the court by the Sheriff's department between January and early April 2000, but these monies had not been properly receipted or deposited by the court.

On April 11, 2000, Lynette Weathers, court clerk, repaid \$2,502 to the court. According to the Judge, she admitted to taking the \$1,502 noted above as well as a \$1,000 cash bond. This bond, received from the Sheriff's department on March 21, 2000, had been properly receipted, but not deposited into the bond account. Ms. Weathers continued to work until May 5, 2000, at which time she went on paid maternity leave.

In addition to those discrepancies discovered by the court, one additional transaction was not accounted for properly. According to the Sheriff's records, a \$538 fines and costs transaction was transmitted in cash to Ms. Weathers on November 15, 1999; however, this transaction was not properly receipted and deposited until February 18, 2000.

The misappropriated funds and the other discrepancy noted above were not detected, or were not detected on a timely basis, due to various internal control weaknesses, including the failure to compare monies transmitted from the Sheriff's department to the court records (See Management Advisory Report [MAR] No. 2).

**WE RECOMMEND** the Associate Division V Judge work with the various law enforcement authorities regarding the criminal prosecution of this matter.

**AUDITEE'S RESPONSE**

*The Judge concurs.*

<b>2. Accounting Controls and Procedures</b>
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- A. The Sheriff's department collects cash bonds, as well as fines and costs, which are transmitted to the associate division. These monies are recorded by the Sheriff's department when received and then transmitted to the associate division. Because the monies are not deposited into a Sheriff's department bank account significant amounts of cash are transmitted to the associate division. No independent reviews are performed comparing the monies transmitted by the Sheriff's department to the court's receipt records. Had such reviews been performed, most of the discrepancies noted in MAR No. 1 would have been detected.

To safeguard against possible loss or misuse of funds and to ensure that receipts are properly recorded, an independent review should be performed periodically comparing the monies received by the Sheriff to what is recorded as received in the court's records. In addition, the court should request these monies be turned over by check.

- B. The duties of receiving, recording, depositing, and disbursing monies are not adequately segregated. One court clerk is responsible for collecting civil fees and another is responsible for collecting criminal fees and bonds. Each clerk performs essentially all of these duties for the monies they collect. Neither the Judge nor another person independent of the cash custody and record-keeping functions provide any supervision or review of the work performed by the court clerks.

Better internal control could have been achieved by segregating the duties of recording transactions from the duties of cash custody and by ensuring periodic independent reviews are performed.

- C. The Criminal and Civil Fee Account should include only undistributed fines and fees and accumulated interest at the end of the month. While an effort was made to reconcile this bank account each month, the bank reconciliations prepared for this account were not accurate and did not take into consideration all outstanding checks as of the date of the reconciliations. In addition, the bank balances were not reconciled to any undistributed fines and fees and accumulated interest at those dates.

As a result of not properly performing these reconciliations, the court was unaware this account was short by approximately \$5,680 at May 31, 2000. This shortage was the result of two disbursement errors. In July 1999, the court disbursed \$8,868 in what were believed to be unidentified monies to the State Treasurer's office as unclaimed property. However, there was only about \$3,600 in unidentified monies in the account at that time, considerably less than the amount of this disbursement. Because the clerk did not properly consider undistributed fines and fees in the account when calculating the turnover to the State Treasurer's office, the court disbursed an excessive amount as unclaimed property. In addition, an excess payment of \$464 made in January 2000 (as a result of a recording error to the one-write ledger) contributed to the shortage in the account. Had proper reconciliations been performed, the court would have avoided or detected the errors noted above, thus preventing the current shortage in this account.

Accurate bank reconciliations should be performed on a monthly basis and the reconciled balance should be agreed to any undistributed fines and fees and accumulated interest. Such reconciliations are necessary to ensure the records are in balance and sufficient funds are available for the payment of all liabilities.

- D. A book balance is not documented in the bond ledger at month end. As a result, activity recorded in the bond ledger cannot be reconciled to the bank balance or to a listing of open items.

A book balance should be documented monthly in the bond ledger and reconciled to the bank balance and open items. Had a book balance been maintained in the bond ledger and had proper reconciliations been performed, the undeposited \$1,000 cash bond noted in MAR No. 1 would have been detected.

- E. Monthly listings of open items are not prepared for the Bond Account. The balance of this account was approximately \$49,904 at May 31, 2000. The office of State Courts Administrator prepared an open items list for the Bond Account as of July 31, 2000. The reconciled bank balance in that account exceeded the open items listing and accumulated interest at that date by over \$3,800. In addition, it appears there was a significant amount of old bonds on the open items list which have not been disposed of properly.

Monthly listings of open items are necessary to ensure the proper disposition of cash balances. The periodic reconciliation of liabilities with the cash balance provides assurance the records are in balance and that sufficient cash is available for payment of all liabilities. In addition, any old or unidentified monies in the account should be disposed of properly.

- F. Receipts are not always deposited on a timely basis. Receipts for fines and costs were often held two to three weeks before being deposited and included significant amounts of cash.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, deposits should be made daily or when accumulated receipts exceed \$100.

- G. The court accepts cash, checks, and money orders for the payment of fines, court costs, and bonds. Although the mode of payment is noted on receipt slips, this is not reconciled to the composition of bank deposits.

To ensure all monies are deposited intact and to reduce the potential for loss, theft, or misuse of funds, the composition of receipt slips should be reconciled to the composition of bank deposits.

- H. Procedures to monitor and collect old accrued costs could be improved. In January 1998, the division began issuing warrants for older cases with defendants' names starting with the letters A through H. However, since that time only limited additional warrants have been issued. As of July 2000, the court had only issued additional warrants for cases with defendants' names starting from I through Mc. No work has been done to collect accrued costs on cases with names starting after Mc.

Without the active and timely pursuit of accrued costs, revenues to the state and county could be lost.

- I. During a review of cases opened during the last five months of 1999 and the first five months of 2000, court employees could not locate the case files related to eleven cases.

Case files include all relevant information related to court cases, and they should be properly controlled and filed to ensure that they are readily accessible when needed.

Conditions similar to B., C., E., G., and H. were noted in the prior audit report.

**WE RECOMMEND** the Associate Division V Judge ensure:

- A. Independent comparisons between the Sheriff's records and the court records are performed. The court should request these monies be turned over by check.
- B. The duties of recording transactions are adequately segregated from cash custody, and perform and document periodic reviews of the accounting records maintained and reconciliations prepared.

- C. Proper and accurate bank reconciliations are performed monthly for the Criminal and Civil Fee Account and reconciled to any undistributed fines and fees and accumulated interest. In addition, the court should request the refund of the two overpayments made.
- D. A book balance is documented in the bond ledger. That balance should be reconciled monthly to the bank balance and a listing of open items.
- E. Monthly open-items listings are prepared for the bond account and reconciled to the book and bank balances. Differences should be investigated on a timely basis. In addition, any old or unidentified monies should be disposed of in an appropriate manner.
- F. Receipts are deposited daily or when accumulated receipts exceed \$100.
- G. The composition of receipts is properly reconciled to the composition of bank deposits on a periodic basis.
- H. The associate division makes a greater effort to pursue the collection of all accrued costs.
- I. An effort is made to find the case files which could not be located. In addition, the court should ensure the case files are properly controlled and filed so they are accessible when needed.

### **AUDITEE'S RESPONSE**

- A. *The Judge indicated the Sheriff's department is now transmitting all monies by checks written on a bank account maintained by that department. It is believed this change in procedures will correct the control weakness that previously existed.*
- B. *The Judge concurs with this recommendation and indicated an effort will be made immediately to better segregate duties in the court.*
- C. *The Judge agrees with the need for proper reconciliations and these procedures will be established in conjunction with the current implementation of the new Banner System. In addition, he indicated the two overpayments noted have already been recovered.*
- D. *The Judge indicated this recommendation has been implemented through the new Banner System.*
- E. *The Judge indicated monthly open items listings are now generated through the new Banner System and are agreed to bank and book balances. The old or unidentified monies noted will be disposed of within six months.*

- F. The Judge indicated that effective immediately receipts will be deposited daily.*
- G. The Judge indicated that effective immediately the composition of receipts will be reconciled to the composition of deposits on a periodic basis.*
- H. The Judge indicated an effort will be made to implement this recommendation as time permits.*
- I. The Judge indicated he will ensure the missing case files are located and the court will make an effort to ensure all case files are properly controlled and filed.*

This report is intended for the information of the management of the Twenty-Ninth Judicial Circuit, Associate Division V of Jasper County, Missouri, and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

FOLLOW-UP ON STATE AUDITOR'S PRIOR RECOMMENDATIONS

TWENTY-NINTH JUDICIAL CIRCUIT  
ASSOCIATE DIVISION V  
JASPER COUNTY, MISSOURI  
FOLLOW-UP ON STATE AUDITOR'S PRIOR RECOMMENDATIONS

This section reports follow-up action taken by the Twenty-Ninth Judicial Circuit, Associate Division V, Jasper County, Missouri, on recommendations made in the Management Advisory Report (MAR) of our report issued for the two years ended December 31, 1997. The prior recommendations which have not been implemented, but are considered significant, have been repeated in the current MAR. Although the remaining unimplemented recommendations have not been repeated, the court should consider implementing these recommendations.

Associate Circuit Division – Joplin (Division V)

- A. Procedures to monitor and collect old accrued costs needed to be improved. The court had not adequately pursued collection of accrued costs.
- B. Monthly listings of open items were not prepared for the fee account and it included unidentified monies at December 31, 1997. In addition, there was also unidentified money in the bond account at that date.
- C. The receipt slips issued for the small claims account did not always indicate the method of payment received.
- D. The duties of receiving, recording, depositing and disbursing monies, and reconciling the bank accounts were not adequately segregated.

Recommendation:

The Associate Circuit Division – Joplin (Division V):

- A. Establish procedures to follow up and obtain collection of all costs that accrue to the court.
- B. Prepare monthly open-item listings and reconcile to the bank balances of each account. Differences between the open-items listings and the reconciled bank balances should be investigated.
- C. Indicate the method of payment on all receipt slips issued, and reconcile total cash, checks, and money orders received to bank deposits.
- D. Adequately segregate accounting and bookkeeping duties to the extent possible. At a minimum, there should be supervisory or independent documented reviews performed of the accounting records.

Status:

- A. Partially implemented. Some cases have been pursued since the prior audit; however, no follow up has been performed for many cases. See MAR No. 2.
- B. Not implemented. See MAR No. 2.
- C. Partially implemented. Although the method of payment is generally indicated on the receipt slips of the small claims account, the composition of recorded receipts is not reconciled to the composition of deposits for any of the court accounts. See MAR No. 2.
- D. Not implemented. See MAR No. 2.

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